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the Debtors' Chief Restructuring Officer and Crisis Managers

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:
USA COMMERCIAL MORTGAGE COMPANY,
Debtor.

In re:
USA CAPITAL REALTY ADVISORS, LLC,
Debtor.

In re:
USA CAPITAL DIVERSIFIED TRUST DEED
FUND, LLC,
Debtor.

Case No. BK-S-06-10725 LBR
Case No. BK-S-06-10726 LBR
Case No. BK-S-06-10727 LBR
Case No. BK-S-06-10728 LBR
Case No. BK-S-06-10729 LBR

Chapter 11

**Jointly Administered Under
Case No. BK-S-06-10725 LBR**

**SECOND SUPPLEMENT TO
APPLICATION FOR ENTRY OF
ORDER (I) FINALLY ALLOWING**

In re:
USA CAPITAL FIRST TRUST DEED FUND, LLC,
Debtor.

In re:
USA SECURITIES, LLC,
Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

**AND APPROVING ALL
COMPENSATION AND EXPENSES
INCURRED BY MESIROW
FINANCIAL INTERIM
MANAGEMENT, LLC IN ITS
CAPACITY AS DEBTORS' CRISIS
MANAGERS AND CHIEF
RESTRUCTURING OFFICERS FOR
THE PERIOD APRIL 13, 2006
THROUGH MARCH 12, 2007, (II)
ALLOWING AND APPROVING A
SUCCESS FEE, (III) AUTHORIZING
APPLICATION OF THE RETAINER
AGAINST THE ALLOWED FEES AND
EXPENSES, AND (IV) AUTHORIZING
PAYMENT OF THE BALANCE DUE**

Mesirow Financial Interim Management, LLC (“**MFIM**”) hereby files this second supplement (the “**Second Supplement**”) in support of its application for entry of an Order (i) finally allowing and approving all compensation and expenses incurred by MFIM, in its capacity as the crisis managers and chief restructuring officers for USA Commercial Mortgage Company (“**USACM**”), USA Capital Realty Advisors, LLC (“**USA Realty**”), USA Capital Diversified Trust Deed Fund, LLC (“**DTDF**”), USA Capital First Trust Deed Fund, LLC (“**FTDF**”) and USA Securities, LLC (“**USA Securities**,” and collectively, the “**Debtors**”), debtors and debtors-in-possession in these chapter 11 cases (the “**Cases**”), for the time period beginning on April 13, 2006 and ending on March 12, 2007 (the “**Application Period**”), (ii) allowing and approving a success fee, (iii) authorizing application of the \$150,000 retainer against finally allowed fees and expenses, and (iv) authorizing payment of the balance due (the “**Final Application**”). [Docket No. 3552] This Second Supplement provides support for estimated fees and expenses included in the Final Application, as detailed herein. In support of this Second Supplement, MFIM respectfully states the following:

BACKGROUND

1. On April 25, 2007, MFIM filed the Final Application, which is incorporated herein by reference and modified only as set forth herein and in the Supplement (as defined below). Any capitalized terms not defined herein shall have those meanings set forth in the Final Application.

2. In the Final Application, MFIM sought entry of an Order: (a) finally allowing and approving compensation in the amount of \$11,389,203.09 for 27,417.60 hours of services rendered, (b) finally allowing and approving expenses incurred in the amount of \$1,117,168.74 and (c) allowing a success fee in the amount of \$2,500,000. MFIM sought payment of \$14,856,371.83, in the aggregate (after application of a \$150,000 retainer and net of all voluntary reductions).

3. Subsequent to filing the Final Application, various representatives of MFIM and the USACM Trust, post-Effective Date DTDF and the FTDF Committee met to discuss concerns regarding the Final Application. The parties worked diligently to resolve contemplated objections to the Final Application, and MFIM ultimately agreed to significant concessions. On June 6, 2007, MFIM filed a Supplement to the Final Application (the "**Supplement**"), which is incorporated herein by reference. [Docket No. 3902] As a result of the settlement discussions, and detailed in the Supplement, MFIM agreed, among other things, to withdraw its request for a success fee and reduce its fee request by an additional 8%. MFIM's reduced request detailed in the Supplement is summarized as follows:

	Fees	Expenses	Success Fee	Total
Original Request	\$11,389,203.09	\$ 1,117,168.74	\$ 2,500,000	\$15,006,371.83
Agreed Upon Reduction	(\$ 911,136.25) ¹	(\$ 225,000) ²	(\$2,500,000)	(\$ 3,636,136.25)
Agreed Upon Total	\$10,478,066.84	\$ 892,168.74	\$0	\$11,370,235.58

4. On May 29, 2007, the Lenders Protection Group ("**LPG**") filed its Original Opposition to the Final Application. [Docket # 3834] On May 30, 2007, the LPG filed an Amended Opposition to the Final Application (the "**Amended Opposition**") [Docket No. 3843]

¹ This represents an eight percent (8%) reduction of the fees requested by MFIM in the Final Application.

² This number represents a reduction of MFIM's expense request relating to Greenberg Traurig LLP's fees as follows: (a) a \$150,000 reduction of the expense request relating to Greenberg Traurig, LLP for pre-Effective Date time; and (b) a \$75,000 reduction of the expense request relating to Greenberg Traurig, LLP for the post-Effective Date time.

5. Based upon the Supplement, LPG's attorneys informed MFIM's attorneys that they did not intend to pursue the Amended Opposition. On July 25, 2007, MFIM and LPG entered into a Stipulation and Agreed Order Striking LPG's opposition to the Final Application. [Docket No. 4216]

MFIM'S ESTIMATED FEES AND EXPENSES

6. The Final Application included estimated time and expenses in the amount of \$350,000, in the aggregate, to be incurred after the Effective Date in preparing the Final Application, defending the Final Application and reviewing other final fee applications for the other professionals in these Cases. Specifically, MFIM included \$200,000 for its estimated time and \$150,000 in estimated expenses relating to fees and expenses to be incurred by its counsel, Greenberg Traurig, LLP.

7. Attached to this Second Supplement as **Exhibits A - E** are MFIM's actual invoices for fees and expenses incurred after the Effective Date. The invoice totals actual fees in the amount of \$220,369.00³ and expenses in the amount of \$242,053.72. MFIM's expenses include fees in the amount of \$177,182.50⁴ and expenses in the amount of \$11,515.70 incurred by its counsel, Greenberg Traurig, LLP after the Effective Date. Attached to this Second Supplement as Group **Exhibit F** are Greenberg Traurig's invoices in support of these amounts.

8. MFIM is filing this Second Supplement to support the estimated numbers included in the Final Application. This Second Supplement is not intended and shall not be deemed to modify, in any way, the agreement reached with the USACM Trust, post-Effective Date DTDF and the FTDF Committee as set forth in the Supplement.

³ This amount includes an estimate of fees and expenses necessary for MFIM to prepare for and attend the hearing on the Final Application. See Exhibit A for details.

⁴ This amount includes an estimate of fees and expenses necessary for Greenberg Traurig prepare for and attend the hearing on the Final Application. See Exhibit E for details.

WHEREFORE, based upon the foregoing, MFIM respectfully requests that the Court enter an Order approving the Final Application, as modified by the Supplement.

Dated: July 31, 2007

Respectfully Submitted,
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